

Message Text

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LAB-04 SIL-01 AF-10 ARA-10 NEA-10 OIC-02 /145 W
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R 311524Z JUL 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 8156
INFO ALL EC CAPITALS
AMEMBASSY OTTAWA
AMEMBASSY TOKYO
USMISSION USUN NEW YORK
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 14859

USEEC

E.O. 11652: GDS
TAGS: OCON, ECOSOC, EGEN, UN, EEC
SUBJECT: EC MESSAGE TOPRESIDENT JAZAIRY OF UN COMMITTEE
OF THE WHOLE (COW)

REF: STATE 189327

1. SUMMARY. THE EC COUNCIL'S NORTH-SOUTH GROUP DECIDED ON JULY 27 TO PROCEED WITH A TRANSMITTAL OF WRITTEN COMMENTS TO COW PRESIDENT JAZAIRY ON HIS JULY 21 PAPER ON TRANSFER OF RESOURCES. THESE COMMENTS WILL BE UNDER COVER OF A LETTER FROM GERMANY AS EC COUNCIL PRESIDENCY COUNTRY AGREEING TO WORK ON THE BASIS OF THIS PAPER BUT ON THE UNDERSTANDING THAT A FURTHER VERSION REFLECTING THESE COMMENTS AND THOSE FROM OTHER STATES WOULD BE CIRCULATED. THIS VERSION SHOULD REFLECT JAZAIRY'S "UNDERSTANDING OF CONCLUSIONS OF THE COW ON THIS ISSUE WHICH SHOULD NOT PRO-CONFIDENTIAL

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VOKE FURTHER DISCUSSIONS AND FROM WHICH JAZAIRY WOULD HOPE NO DELEGATION WOULD FIND IT NECESSARY TO DISSENT." THE WORKING GROUP GENERALLY AGREES WITH THE U.S. VIEWS ON JAZAIRY'S PAPER. THE EC COMMENTS ARE INTENDED TO ELIMINATE MOST OF THE OBJECTIONABLE SECTIONS TO MAKE THE PAPER APPEAR MORE AS AN ACCURATE CONCLUSION OF WHAT OCCURRED AT THE MAY SESSION ON THIS ITEM AND TO GET AWAY FROM WORD-BY-

WORD NEGOTIATIONS ON AN AGREED TEXT. WHILE ACCEPTING MANY OF THE U.S. VIEWS IN PARAS 1-6 REFTEL, THE GROUP FELT IT WAS COMMITTED TO SUBMITTING ITS WRITTEN RESPONSE TO JAZAIRY EARLY IN AUGUST AND THAT A JOINT OR COLLECTIVE PRESENTATION OF COMMENTS WOULD NOT BE APPROPRIATE. END SUMMARY.

2. EC COMMISSION OFFICIAL WYATT IN THE ABSENCE OF DEPUTY DIRECTOR GENERAL CASPARI WHO HAS ALREADY DEPARTED FOR ONE MONTH'S LEAVE INFORMED THE MISSION THAT THE EC COUNCIL'S HIGH-LEVEL NORTH-SOUTH WORKING GROUP CONCENTRATED ON DRAFTING WRITTEN COMMENTS ON THE TRANSFER OF RESOURCES (TOR) PAPER SUBMITTED BY COW PRESIDENT JAZAIRY ON JULY 21 DURING THE GROUP'S JULY 27 MEETING IN BRUSSELS. WYATT SAID THAT, ALTHOUGH U.S. VIEWS PARAS 1-6 REFTEL DELIVERED JUST AS THE MEETING BEGAN WERE CONSIDERED, THE MEMBER STATES FELT THAT THEY HAD MADE A COMMITMENT TO JAZAIRY TO GIVE HIM IN WRITING THE EC'S COMMENTS ON HIS PAPER WITHIN TWO WEEKS. THESE WILL BE TRANSMITTED TO JAZAIRY UNDER COVER OF A LETTER FROM THE PRESIDENCY COUNTRY (GERMANY) IN THE SECOND WEEK OF AUGUST.

3. WYATT SAID THAT IN REVIEWING JAZAIRY'S PAPER, THE MEMBER STATES FELT THAT IT IS BEST TO CONSIDER IT AS REPRESENTING THE PRESIDENT'S VERSION OF HIS UNDERSTANDING OF THE CONCLUSIONS REACHED IN COW ON THE TOR AGENDA ITEM AND CONFIDENTIAL

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CONCEPTUAL IN NATURE IN THE HOPE OF AVOIDING FURTHER WORD-BY-WORD NEGOTIATIONS. WYATT SAID THAT THERE WAS AGREEMENT THAT THE EC VIEWS WERE VERY SIMILAR TO THOSE EXPRESSED IN PARA 7 OF REFTEL, AND HE BELIEVES MOST OF THE U.S. RESERVATIONS (BUT POSSIBLY NOT ALL) WERE TAKEN INTO CONSIDERATION IN THE EC-APPROVED COMMENTS TO JAZAIRY WHICH WERE KEPT TO A MINIMUM. WYATT SAID THAT THE GROUP DECIDED NOT TO GIVE THE TEXT OF THEIR RESPONSE TO ANY THIRD PARTY, INCLUDING THE U.S., UNTIL AFTER IT HAD BEEN GIVEN TO JAZAIRY. HE THEN PROCEEDED TO READ FROM HIS NOTES THE SUBSTANCE OF THE EC RESPONSE KEYED TO NUMBERED PARAGRAPHS IN JAZAIRY'S PAPER AS FOLLOWS:

A. PARAGRAPH 6: THE LANGUAGE IN THE FIRST INDENT IS TOO SPECIFIC AND IMPLIES A GREATER DEGREE OF AGREEMENT THAN IN FACT WAS THE CASE. THE SECOND INDENT DOES NOT REFLECT THE FACT THAT INFLATION AFFECTS ALL COUNTRIES AND ORIGINATES FROM BOTH INTERNAL AND EXTERNAL FACTORS. INFLATION AND INDEBTEDNESS ARE BEST TREATED SEPARATELY, WHILE THE ANALYSIS ON INDEBTEDNESS IN THE PAPER SEEMS TOO GENERALIZED GIVEN DIFFERENCES AS BETWEEN LDC'S.

B. PARAGRAPH 7: INDIVIDUAL PERFORMANCE BY DONOR COUNTRIES SHOULD PREFERABLY NOT BE INCLUDED IN THE PAPER. IF THERE ARE ANY REFERENCES TO GROUPS OF COUNTRIES, THDQE SHOULD PREFERABLY BE IN PARAGRAPH 7 RATHER THAN IN PARAGRAPH 8 AS AT PRESENT, AND SHOULD ALSO COVER "OTHER GROUPS OF INDUSTRIALIZED COUNTRIES" (I.E., COMMUNIST COUNTRIES). (COMMENT: THE GROUP DECIDED NOT TO RECOMMEND SPECIFIC REFERENCE TO OPEC COUNTRIES IN THIS CONNECTION AS BEING POTENTIALLY TOO CONTROVERSIAL).

IT SHOULD BE MADE CLEAR THAT THE UNCTAD TDB DECISION ON RETROACTIVE TERMS ADJUSTMENT REFERS ONLY TO PAST,

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R 311524Z JUL 78
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INFO ALL EC CAPITALS
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AMEMBASSY TOKYO
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REPEAT PAST, BILATERAL OFFICIAL DEVELOPMENT ASSISTANCE.

THE LAST SENTENCE OF THIS PARAGRAPH EXAGGERATES THE DEGREE OF AGREEMENT THAT WAS REACHED BY THE MAY SESSION OF COW. A MORE QUALIFIED REFERENCE SHOULD BE MADE TO THE LDC'S SINCE THE EXISTENCE OF DIFFERENT CATEGORIES OF LDC'S WILL BE ON THE AGENDA FOR THE SEPTEMBER COW MEETING.

C. PARAGRAPH 8: THE LAST SECTION IS VAGUE, AND THERE SHOULD BE RECOGNITION OF THE RIGHT OF UN MEMBER STATES TO "INCREASE THEIR CONTRIBUTION TO APPROPRIATE UN FUNDS IN AC-

CORDANCE WITH NATIONAL PRIORITIES."

D. PARAGRAPHS 10 AND 11: THESE TWO PARAGRAPHS SHOULD REFLECT THE VIEW THAT THE COW SHOULD STAY AS CLOSE AS POSSIBLE TO THE MANDATE FROM THE UN GENERAL ASSEMBLY RESPECTING THE COMPETENCES OF OTHER INTERNATIONAL INSTITUTIONS. (WYATT SAID THAT THE MEMBER STATES DID NOT DIS- AGREE WITH THE U.S. CONCERN ON THESE PARAGRAPHS EXPRESSED IN PARAGRAPH 7 REFTEL BUT APPARENTLY BELIEVE THAT THIS CONCERN COULD BE OVERCOME IF JAZAIRY WOULD CALL FOR CLOSE ADHERENCE TO THE COW MANDATE.)

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TIONS. (WYATT SAID THAT THE MEMBER STATES DID NOT DIS- AGREE WITH THE U.S. CONCERN ON THESE PARAGRAPHS EXPRESSED IN PARAGRAPH 7 REFTEL BUT APPARENTLY BELIEVE THAT THIS CONCERN COULD BE OVERCOME IF JAZAIRY WOULD CALL FOR CLOSE ADHERENCE TO THE COW MANDATE.)

E. PARAGRAPHS 13 AND 14: WORDING IN BOTH THESE PARAGRAPHS SEEMS TO PREJUDGE THE OUTCOME OF ONGOING DISCUSSIONS OR OF STUDIES AND THE REPORT PROPOSED IN THESE TWO PARAGRAPHS. CONCLUSIONS SHOULD BE DRAWN ONLY AFTER FURTHER STUDIES OF THE QUESTIONS, AND IT WOULD THEREFORE APPEAR MORE APPROPRIATE FOR THE WORDING OF THESE TWO PARAGRAPHS TO BE IN THE FORM OF A PROPOSAL "PUT FORWARD BY SEVERAL MEMBERS OF THE COW" THAT SUCH STUDIES AND A REPORT BE CONDUCTED. FURTHERMORE, THESE PARAGRAPHS INCLUDE CERTAIN ELEMENTS WHICH WERE EITHER ONLY PARTIALLY DISCUSSED OR NOT DISCUSSED AT ALL DURING THE MAY SESSION.

F. ON ALL OTHER PARAGRAPHS OF THE JAZAIRY PAPER WYATT SAID THE MEMBER STATES GENERALLY AGREED WITH THE U.S. VIEWS BUT DID NOT FEEL THEY CREATED SUFFICIENT PROBLEMS FOR THE COMMUNITY TO RAISE WITH JAZAIRY, PARTICULARLY IF THE EC POSITION PREVAILS THAT THE PAPER REFLECTS ESSENTIALLY JAZAIRY'S CONCEPTION OF THE GENERAL CONCLUSIONS REACHED AT THE MAY SESSION ON THE TOR ITEM.

4. IN ADDITION, THE WORKING GROUP AGREED ON THE TEXT OF A LETTER TO COW PRESIDENT JAZAIRY TO BE SIGNED BY A SENIOR GERMAN OFFICIAL WHICH TRANSMITS THE COMMENTS ON THE JAZAIRY PAPER ON BEHALF OF THE COMMUNITY AND ITS MEMBER STATES. THIS LETTER TOO IS NOT TO BE RELEASED UNTIL IT IS DELIVERED TO JAZAIRY, BUT WYATT VIRTUALLY READ THE ENTIRE TEXT AS FOLLOWS:

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A. THE COMMUNITY APPRECIATES YOUR (JAZAIRY'S) EFFORTS AND BELIEVES THAT THE "NON-PAPER" SHOULD MAKE A USEFUL CONTRIBUTION TO FINALIZE THE MAY DISCUSSIONS OF THE COW ON

THE TRANSFER OF RESOURCES AGENDA.

B. AS STATED BY THE EC IN GENEVA, THE FORM OF THIS PAPER IS SOMEWHAT DIFFERENT FROM THE ONE FOR WHICH THE EC HAD DECLARED ITS PREFERENCE. THE EC FROM THE OUTSET HAD ARGUED IN FAVOR OF A CHAIRMAN'S REPORT AS THE MOST PRACTICAL MEANS OF RECORDING THE POSITIONS REACHED IN THE COURSE OF DISCUSSIONS AND AS THE METHOD MOST LIKELY TO RECORD THE OUTCOME IN THE MOST CONSTRUCTIVE WAY POSSIBLE. THE NON PAPER WHICH YOU CIRCULATED INCLINES TO THE FORM OF THE PAPER WHICH WE WORKED ON IN MAY, A PROCEDURE WHICH WAS GENERALLY THOUGHT TO BE UNFRUITFUL. INDEED, WORD-BY-WORD NEGOTIATIONS DO NOT SEEM TO BE THE RIGHT PROCESS, BUT WE THINK IN THIS CASE YOUR NON PAPER OFFERS THE BEST WAY FORWARD AND WE ARE THEREFORE READY TO WORK ON THE BASIS OF IT.

C. OUR UNDERSTANDING WOULD BE THAT IN THE LIGHT OF OUR COMMENTS AND THOSE OF OTHERS AND IN THE LIGHT OF INFORMAL DISCUSSIONS OF THESE COMMENTS IN SEPTEMBER, IT WOULD BE YOUR INTENTION TO CIRCULATE A FURTHER VERSION WHICH WOULD REPRESENT YOUR UNDERSTANDING OF CONCLUSIONS OF THE COW ON THIS ISSUE WHICH SHOULD NOT PROVOKE FURTHER DISCUSSIONS AND FROM WHICH YOU WOULD HOPE NO DELEGATION WOULD FIND IT NECESSARY TO DISSENT. IN THIS SPIRIT WE OFFER YOU THE ATTACHED COMMENTS DESPITE THE FACT THAT, AS WE AGREED IN GENEVA, A NUMBER OF IMPORTANT QUESTIONS OF PROCEDURE HAVE NOT YET BEEN FINALLY RESOLVED. WE REMAIN AT YOUR DISPOSAL

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IF YOU NEED ANY MORE CLARIFICATION OF OUR THINKING.

D. WE ARE READY TO COME TO THE SEPTEMBER SESSION IN A CONSTRUCTIVE SPIRIT AND, OF COURSE, WITH A DELEGATION AT AN APPROPRIATE LEVEL, AND WE TRUST THAT OTHER DELEGATIONS WILL DO THE SAME. END OF EC LETTER.

5. WYATT SAID THAT IN ITS CONSIDERATIONS OF THE U.S. VIEWS IN PARA 1-6 REFTTEL, THE GROUP CAME TO THE FOLLOWING CONCLUSIONS NOT ALREADY APPARENT FROM THE ABOVE:

A. THE GROUP FELT THAT PARA 1 REFTTEL IMPLIED THAT THE U.S., ON AN EXCEPTIONAL BASIS, IS WILLING TO NEGOTIATE AN AGREED TEXT ON THE TOR ITEM, WHEREAS THE EC FORMULA IS INTENDED TO "CORRECT" IN A GENERAL WAY THE CONCLUSIONS OF THE MAY MEETING ON THIS ITEM.

B. WYATT SAID THAT THERE WAS NO DISCUSSION IN THE CONFIDENTIAL

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GROUP OF THE "YOUNG FORMULA" AS A WAY OF PROCEEDING IN THE FUTURE AND NO ATTEMPT TO SELECT SPECIFIC TOPICS FOR THAT PURPOSE (PARA 4 REFTTEL). HE THOUGHT, HOWEVER, THAT THE MEMBER STATES WERE GENERALLY FAVORABLE TO THE YOUNG APPROACH.

C. WHEN ASKED WHETHER THE GROUP HAD DECIDED ON THE EC POSITION IN THE EVENT THAT AN ACCEPTABLE TEXT ON THE TOR ITEM DOES NOT RESULT FROM THE EC SUGGESTIONS TO JAZAIRY, WYATT SAID THAT THIS HAD NOT REALLY BEEN DISCUSSED. HE ASSUMED THE U.S. SUGGESTIONS PARA 2 REFTTEL WOULD BE CONSIDERED BY THE EC IN SUCH AN EVENTUALITY.

D. AS NOTED ABOVE THE GROUP, AFTER CONSIDERING OUR SUGGESTIONS IN PARA 3 REFTTEL ON FURTHER CONSULTATIONS AMONG OECD COUNTRIES, DECIDED THAT THE EC WAS COMMITTED TO GIVING JAZAIRY WRITTEN COMMENTS AS SOON AS POSSIBLE AND FELT THAT THE U.S. SUGGESTION REGARDING A "COLLECTIVE" APPROACH WOULD NOT BE APPROPRIATE. THE EC, HE SAID, WILL NOT PASS ITS RESPONSE TO JAZAIRY'S PAPER TO THE UN SECRETARIAT.

E. THE GROUP DID CONSIDER A SUCCESSOR TO JAZAIRY (PARA 5 REFTTEL), PARTICULARLY SINCE JAZAIRY HAD INDICATED THAT HE MIGHT WITHDRAW BEFORE THE END OF HIS TERM ACCORDING TO WYATT. SOME MEMBER STATES THOUGHT THAT THIS THREAT WAS INTENDED TO INDUCE THE G-77 TO ACCEPT HIS PAPER, WHILE

OTHERS BELIEVED THAT HE REALLY WANTS OUT SINCE HE HAS
LITTLE INTERNAL BACKING ON COW IN ALGERIA AND IS DISAP-
POINTED IN THE WAY THE COW IS TURNING OUT. THE EC FEELS
THERE IS LITTLE DOUBT THAT JAZAIRY WILL HAVE TO BE RE-
PLACED IN EARLY 1979 AT THE LATEST. THERE WAS GENERAL
AGREEMENT THAT HIS SUCCESSOR WOULD PROBABLY BE FROM ONE OF
THE NORDIC COUNTRIES. WHILE THERE WERE TWO SWEDISH CANDI-
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DATES, MOST MEMBER STATES SEEMED TO FAVOR A NORWEGIAN CAN-
DIDATE (STOLTENBERG - PHONETIC) BUT NO FINAL DECISION WAS
REACHED.

6. REGARDING REPRESENTATION AT THE SEPTEMBER COW, IT WAS
AGREED THAT DELEGATIONS SHOULD BE AT THE "HIGH CIVIL SER-
VANT LEVEL." THE COMMISSION TENTATIVELY PLANS TO BE REPRE-
SENTED BY DEPUTY DIRECTOR GENERAL FOR EXTERNAL AFFAIRS
CASPARI AND DEPUTY DIRECTOR FOR DEVELOPMENT DURIEUX.
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